

SPECIAL MEMORANDUM

TO: All School Food Service Directors/Supervisors

FROM: Todd A. Bedenbaugh, Interim Director

Office of School Food Services and Nutrition

DATE: October 22, 2008

RE: School Food Service Funds for Fringe Benefits

Guidelines for governing the use of School Food Service Funds to pay fringe benefits when the school district's state fringe benefits allocation is exhausted. These guidelines are as follows:

- 1. When the state allocation is adequate to cover all fringe benefits monthly or annually, no changes will be made to the Food Service Fund.
- 2. When the state allocation is inadequate to cover all fringe benefits and a shortfall results, districts may charge a portion of food service fringe benefits to the Food Service Fund. Charges to the Food Service Fund may be made on a quarterly basis using the same proportional basis as calculated in the formula below. An adjusting year-end entry may be necessary.

Example: School District X

Calculation of Ratio of School Food Service Salaries to Total General Funds Salaries

1. <u>School Food Service Salaries</u> \$ 990,000 General Fund Salaries/School Food Service Salaries \$24,900,000 = 3.98%

Calculation of Total Fringe Benefit Shortfall with Exclusions

2. Total current expenditures for Fringe \$ 3,750,000 Benefits for District (excluding special revenue programs and E.I.A.)

State Allocation -\$ 2,900,000
Total District Shortfall for Fringe Benefits \$ 850,000

Calculation of Maximum Shortfall to be charged to School Food Service

3. Total District Shortfall for Fringe Benefits School Food \$850,000 Service Salaries to General Fund Salaries. X 3.98% Maximum amount that can be charged to School Food \$33,830 Service Fund

4. Indirect Cost for fringe benefits is based upon the: Total District Shortfall for Fringe Benefits School Food Service Salaries to General Fund Salaries Maximum amount that can be charged to School Food Service Fund.

If you have any questions or need additional information, please contact Andrew Thomas at 803-734-8194 or athomas@ed.sc.gov or me at 803-734-8205 or tabedenb@ed.sc.gov.